

DATE: March 3, 2016

TO: Insurance and Real Estate Committee

FROM: Professional Insurance Agents of Connecticut Inc.
Robert Shanley, Past President

STATEMENT RE: H.B. 5446 *AN ACT REQUIRING CERTAIN LIQUOR PERMITTEES TO
PROCURE AND MAINTAIN LIQUOR LIABILITY INSURANCE*

Professional Insurance Agents of Connecticut Inc., an association of independent insurance agents throughout the state and their employees, supports raised bill H.B. 5446.

Under current Connecticut Law, it is not required for an establishment that serves alcoholic beverages to carry liquor liability insurance. While there is a dram shop law in effect, which imposes liability on the seller of alcohol and allows for an injured party to sue that seller, it does not provide any guarantee that they will be able to recover their damages. A mandatory liquor liability policy required prior to the granting of a liquor permit would provide the consumer with a guarantee that financial recourse is available.

Currently, if an individual is injured due to the actions of an intoxicated person, they are able to sue the establishment that served or sold the alcoholic beverage to that person. Often times the injuries are severe, and require emergency medical treatment and possibly ongoing treatment. The establishment, if found liable, would be responsible for these costs. If the bar or restaurant has a liquor liability policy, then the insurer would cover the costs, and the injured person receives their relief. However, when there is no policy in place, it leaves the injured party unsure if and how they will be compensated. The protection of the innocent third party in this situation is crucial. By requiring all bars and restaurants who serve alcohol to procure and maintain a liquor liability policy, the public would be protected from situations where an establishment cannot pay the award, thus possibly leaving the injured party unable to pay their medical bills or other costs incurred due to the incident.

Damage awards in dram shop suits can be expensive for the business owner as well. If there is not a policy in place to protect the business, one claim can effectively bankrupt a small family operation. The cost of defending against a claim alone could incur thousands of dollars in debt, and put the business in jeopardy financially. A good example is a client who was sued under the dram shop act by a woman who had never actually entered the premises. Fortunately, this client had a liquor liability policy in place, which covered the cost of his defense against this claim. The carrier successfully defended the claim, and the client was able to stay financially sound.

PIACT is advocating for the passage of H.B.5446 which imposes mandatory liquor liability insurance be procured and maintained by certain liquor permittees. PIACT wants to see both the public and business owners protected.

PIACT commends the Legislature for addressing this issue.